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## **Slovakia**

### **Dairy and Products**

#### **Slovak Dairy Industry Rapidly Changing**

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#### **Report Highlights:**

**Since the political changes in 1990, all dairies have been privatized; several are owned by foreign companies. In the last decade, the cattle number declined by more than 50% but at the same time, the milk yield per cow has risen by 50%. The concentration in the dairy sector is expected to continue. By 2010, around ten dairies may process the entire domestic milk output. Cheese production, which has been stable in recent years should rise considerably with EU accession.**

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## Slovak Dairy Industry Rapidly Changing

### Highlight

Since the political changes in 1990, all dairies have been privatized; several are owned by foreign companies. In the last decade, the cattle number declined by more than 50% but at the same time, the milk yield per cow has risen by 50%. The concentration in the dairy sector is expected to continue. By 2010, around ten dairies may process the entire domestic milk output. Cheese production, which has been stable in recent years should rise considerably with EU accession.

### Past and Current Situation

Due to political and economic changes, the Slovak dairy industry has rapidly changed in recent years.

After 1990, large agricultural cooperatives were privatized and became smaller and more market oriented. Cattle production remains concentrated; herd sizes are 70 - 300 head. However, cow numbers have dropped continuously from 543,000 dairy cattle in 1990 to around 250,000 in 2000.

In contrast to the decrease in cattle numbers, milk yields have risen. The 1990 average milk yield of 2,892kg per cow increased to about 4,340kg in 2000. Nevertheless, the decline in cattle numbers by more than 50% resulted in a sharp drop in total milk production. In 2000, the total milk output of 1.08 billion liter was 56% below that of 1990. The milk price, which has been guaranteed since 1995, was raised step wise in past years and reached U.S.\$0.18 per kilo in 2000. In addition, each dairy cow receives a per head payment.

Similar to EU countries, there is concentration in the dairy sector. Around 33% of milk is processed by only 5 dairies and 58% by the next 19 largest dairies. The rest of milk delivered to dairies is processed by so called mini-dairies.

In the meantime all dairies have been privatized. However, in contrast to the past, several establishments are in foreign possession. During the privatization period, many German, Dutch, Austrian, French, and Italian companies purchased Slovak dairies.

As a consequence of the reduced total milk output, processing of dairy products has declined. Per capita consumption of these products is considerably below the EU average.

Cheese manufacturing is the largest part of the processing sector. Slovak specialties are smoked fresh cheese, sheep cheese, and processed cheeses. In recent years, cheese production has been stable at around 50,000 MT. The Slovak share accounts only at 0.5% of the

European total production. About 25% of the Slovak production is exported, imports account for 10% of domestic consumption.

### Future Developments

According to Slovak agricultural experts, dairy cow numbers will continue to decline. However, at the same time, milk yields will rise. It is expected that milk yields will rise 22% to 5,320kg per cow in the period 2000 - 2010. Total milk production is expected to reach 1,13 billion liter by 2010. It is also expected that per capita consumption of dairy products will increase from 164kg in 2000 to 210kg in 2010.

With EU accession, expected in 2004 or 2005, an increase in cheese production to 65,000 - 70,000MT is expected. According to studies, the Slovak cheese industry has certain advantages compared to other branches of the food industry. Nevertheless, only large enterprises with an output of more than 500MT/year, are expected to remain in business in the long term.

The structural changes in the dairy sector will continue; specialization will rise but the number of dairies will decline. Finally, around 10 large dairies may process more than 100 million liter milk annually.